June 11, 2004

TO:　　　　Earl Hale, Executive Director
　　　　　　State Board for Community and Technical Colleges

FROM:　　Marty Brown, Director

SUBJECT:　**ADDITIONAL INSTRUCTIONS FOR AGENCY BUDGET SUBMITTALS**

The Priorities of Government (POG) Results Teams recently completed work on the high-level purchase strategies that they believe will best achieve statewide results. As part of this effort, Teams also made suggestions about specific analyses and initiatives that will help them in the fall when they reconvene to produce detailed purchase plans for implementation of proposed strategies. Because Results Teams will be reviewing agency budget requests for activities that can be included in these purchase plans, we are communicating their ideas to you as you prepare your budgets.

Although the state is not facing quite the same fiscal challenges that generated the initial Priorities of Government process in 2002, initial estimates for 2005-07 indicate a $700 million shortfall between forecasted state General Fund (GFS) revenues and the cost of continuing current GFS-funded services. The POG budget approach helps us focus on core services that contribute the most toward statewide results. This, in turn, provides a framework for OFM decisions and budget recommendations to the Governor.

High-Level Strategies will Guide Budget Decisions

We strongly urge your consideration of the information contained in this memo as you develop your agency budget proposal.

1. You will find enclosed a list of the high-level indicators of success and the purchase strategies recommended for each statewide result. This information is the investment criteria that Results Teams will use to create their purchase recommendations. Review the indicators and strategies for all 11 results and focus on areas that you believe can be influenced with activities in your agency. For example, if your budget includes activities that affect indicators in Result #4 (Improve Health) because they contribute to the statewide strategy of "mitigating environmental hazards," then your budget should help make that connection for the Results Team.

    A summary is provided in this memo, but we encourage you to read the full reports of the Teams, particularly those prepared for Tollgate #2, to understand the context in which these recommendations were made. The reports are available at http://www.ofm.wa.gov/budget/pog/teamreports.htm.

2. For some agencies, there are recommended initiatives or research projects listed at the end of this memo. This means one or more Results Teams indicated interest in these ideas and are asking for additional information before they complete their purchase plan recommendation in the fall.

3. The Teams also suggested criteria that agencies could use to assess the activities they propose for funding. As you determine your budget request, we recommend you address these questions in your deliberations:

   - Are there options for earlier, preventative interventions as alternatives to more expensive services later?
   - Are those options evidence-based or supported by research as to their effectiveness toward the intended result?
   - Are we paying the right price for the services delivered?
   - Are activities properly coordinated for maximum effect?
   - Do activities have explicit outcomes and measures of performance?
   - Are there opportunities for outcome-based contracts?

Additional Information Requested for the Budget Submittal

OFM has selected a number of the recommendations mentioned in the team reports to be completed as part of the budget development process. We ask that your agency submit the following information, either as part of your budget request, as an addendum to your budget submittal, or as a separate submittal on the date indicated.

1. Specific areas of focus in the agency's budget request should include:

   - Career counseling at the secondary and post secondary level
   - General workplace skills
   - Integration of adult literacy and occupational skills training
   - Occupational skills training for those with barriers to employment
   - Increase linkages to employers
   - Expanded training in high demand fields demanded by employers

2. Propose legislation to revise federal and state financial aid policies. Many students are ineligible for financial aid because they take less than the required number of hours per quarter (primarily because they are working and attending school part-time), or they are enrolled in short-term training, or because they are taking literacy or pre-college courses that are not eligible for traditional forms of financial aid. This results in those who could benefit most from education having the least access to it (i.e. low income working adults).

3. Propose changes in funding reimbursement to remove disincentives for colleges to offer courses that don't generate full tuition. Adult basic education (ABE), ESL, and apprenticeship courses all receive partial to full tuition waivers. Although tuition waivers are discretionary, when combined with across-the-board budget cuts, colleges (especially those with a more diverse population) are put into the difficult position of trying to balance the demand for tuition waiver courses while remaining financially stable. With respect to ESL and ABE, the solution isn't as simple as eliminating the waiver. This is because over half the ESL and ABE participants live below the poverty level.

4. Evaluate the different types of student assessments and their portability to other institutions/entities. Many students in the community college system often complain that they must take asset/placement tests that are not accepted at other state community colleges. This results in students having to retake a variety of asset tests when they transfer from one college to another. This may include assessments that are performed by DSHS for work first clients, or those performed by Employment Security. Should these assessments reflect employers' needs? Should asset/placement tests be uniform for our public colleges? The State Board for Community and Technical Colleges should take the lead on this evaluation with assistance from the Department of Social and Health Services and the Employment Security Office.

5. Improve transfer and articulation between institutions of higher education – Recent legislation (Chapter 55, Laws of 2004) requires the HECB to work with the SBCTC, COP, and faculty from two- and four-year institutions to develop transfer associate degrees for specific academic majors and to create a statewide system of course equivalency for public higher education institutions. Additionally, the HECB is required to perform a gap analysis of upper division capacity to accommodate transfer students and to provide recommendations on how to expand capacity in various locations. We are requesting that both boards provide the status of these ongoing efforts.

6. Expand dual-credit programs – Programs like Running Start, College in the High School, and Tech Prep allow qualified high schools students to take college level courses free of charge and earn college and high school credit simultaneously. The Governor's Office is working with the Superintendent of Public Instruction, the SBCTC, and the HECB to create incentives for school districts to expand dual-credit programs. We would respectfully request that the Superintendent of Public Instruction provide the status of the ongoing effort.

7. Maximize facilities utilization – Evening and weekend classes and other strategies to expand the academic calendar allow institutions to serve additional students within existing capital resources. We are interested in seeing proposals that explore opportunities to utilize existing physical capacity not only within the institution, but also in other public or private buildings (i.e., public high schools, private or community facilities).

8. Improve faculty recruitment and retention – Attracting and retaining quality faculty is vital to providing quality programs. A number of factors can influence an institution's ability to attract quality candidates, including the candidate's experience and familiarity with the hiring institution. By increasing advanced degree production, the state could take advantage of new opportunities to "grow their own" faculty, which could provide the state with an important advantage as they compete for the best and the brightest faculty. We are requesting that the HECB work with the institutions to explore this and other innovative strategies to improve faculty recruitment and retention.

9. Programmatic student funding levels - Because all students within an institution get the same level of per-student funding support, there could be a financial incentive for institutions to emphasize low-cost programs rather than high-cost programs. Many of the high need programs, like nursing and engineering, are also high-cost programs. This results in an increasing challenge (given tight fiscal environment) for colleges to train workers in high demand occupations such as health care and high-tech. We are requesting that the HECB and the SBCTC work with the colleges and universities to provide information about the costs to educate students in various program areas.

10. Improve student retention and graduation rates – While we recognize that our colleges and universities already emphasize student retention and progress to degree, we are interested in exploring opportunities for improvement in these areas. We are requesting that the colleges and universities provide a status report of ongoing efforts to improve student retention and graduation rates. Please provide proposals to enhance efforts in the following areas:

- Timely availability of prerequisites and required coursework

- Mentoring and counseling

- Other strategies as identified by the institution

11. **Secondary education reform and improving transitions from secondary to postsecondary schools**
   <u>Current practice</u>: Secondary schools – middle and high schools – are facing the challenge of systemic change. The organization of middle and high schools has been relatively stable for years. The middle school is seen as a transition from elementary school to high school, and so incorporates structures such as student assignment to subject area classes rather an assignment to one primary teacher. Historically, high schools have been organized to meet the requirements for postsecondary education, with the collection of certain subject area courses in amounts defined by the state. As the attention moves from prescribed seat time to content/skill mastery for students, it is necessary to design structures and opportunities that focus on mastery of the basic requirements, support expanded rigor in content areas as well as provide preparation for the student's world after high school.

   <u>Statement of desired solution</u>: Models of student-centered programs and supports are available for use by schools with the appropriate guidance and resources for implementation.

   <u>Request:</u> Develop a budget proposal to complete the following work:

   1) Developing individual student plan templates for achieving high school graduation and preparation for steps beyond high school
   2) Providing course outlines for reading, writing and mathematics intervention and remediation efforts, complete with instructional resources, strategies, and staff development opportunities
   3) Developing a Focused Assistance model that provides a structure for districts and schools to examine their practices and implement changes in curriculum, student opportunities, staff roles and professional development
   4) Developing a school improvement process that analyzes the rigor, relevance, and alignment of course content to state standards and postsecondary opportunities

If you have questions about any of these recommendations, please consult your assigned OFM Budget Analyst, who will then coordinate assistance with the appropriate Results Team.

Finally, I want to thank all of you for your energy and dedication as we head into another round of POG. Your efforts are critical to its success, and I know from experience that I can count on you

Attachment

cc: Agency Budget Director